

Apprenticeship Incentives

Quick Guide for Employers



What you need to know about payments, incentives and National Insurance savings.

Do employers need to apply for incentives?

No (in most cases).

All apprenticeship incentive payments are **automatic**.

The only requirements are that:

- ▶ Your contact and payment details are provided to allow us to pass the incentive payment to you in a timely fashion
- ▶ The apprentice is correctly enrolled

What incentives are available?

Overview of Payments (2026/27)

Incentive	Amount	How it's Paid
16–18 Apprenticeship Incentive	£1,000	Via Training Provider
Foundation Apprenticeship Incentive	Up to £2,000	Via Training Provider
SME Hiring Incentive (from Oct 2026)	£2,000	Via Training Provider
Youth Jobs Grant (18–24 on UC)	£3,000	Direct to Employer

16–18 Apprenticeship Incentive (16–18 year olds) – £1,000 total payment

- ▶ Instalment 1 (£500): Paid 90 days after the apprenticeship starts.
- ▶ Instalment 2 (£500): Paid 365 days (one year) after the start date

Foundation Apprenticeship Incentive (16–21 year olds) – £2,000 total payment

- ▶ First Payment (£667): Paid 90 days after the foundation apprenticeship starts.
- ▶ Second Payment (£667): Paid 242 days after the foundation apprenticeship starts.
- ▶ Third Payment (£666): Paid 90 days into their subsequent full apprenticeship.

SME Hiring Incentive (from 1 October 2026) – £2,000 total payment

- ▶ First Payment (£1,000): Paid 90 days after the apprenticeship starts
- ▶ Second Payment (£1,000): Paid 365 days after the apprenticeship starts (or 242 days for shorter programmes)

Eligibility:

- ▶ Non-levy employer
- ▶ Apprentice aged 16–24 on enrolment
- ▶ Must be a new employee (within 3 months of start)

To find out more please call:

0800 093 5892

or visit: **www.top.training**



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How are most payments made? (Important)

For apprenticeship incentives:

- ▶ The government triggers payments automatically
- ▶ The training provider receives the funding first
- ▶ The provider is required to pass this on within 30 days

Realistic payment timing

- ▶ First payment typically arrives around **110–130 days after start**

Simple explanation to use with employers:

“Most payments are triggered automatically, come via us as your training provider, and are paid to you within 30 days of us receiving them.”

The Exception: Youth Jobs Grant (Direct Payment)

If you hire an 18–24-year-old who has been on Universal Credit, you may be eligible for:

- ▶ £3,000 Youth Jobs Grant

Key difference:

- ▶ Paid directly to your business
- ▶ Does not go via the training provider

Stacking opportunity (high value)

For SMEs hiring eligible young people:

- ▶ £3,000 Youth Jobs Grant + £2,000 SME incentive = £5,000 total

If the apprentice is **aged 18**, you can also add:

- ▶ £1,000 16–18 incentive

Total potential cash incentive = £6,000

What National Insurance savings are available?

You pay 0% Class 1 National Insurance for:

- ▶ Apprentices under 25 years old

What do you need to do for NIC relief?

- ▶ Apply NIC Category Letter “H” in payroll
- ▶ Keep copies of:
 - Apprenticeship Agreement
 - Training Plan

(Available via Bud)

Key messages to remember

- ▶ No application needed (for apprenticeship incentives)
- ▶ Payments are milestone-based
- ▶ Most payments come via your training provider
- ▶ Incentives can be stacked for greater value
- ▶ NIC savings reduce employment costs further

Common employer questions

“Do I need to claim this?”

- No, payments are automatic (except specific grants like Youth Jobs Grant).

“How much can I get?”

- Up to £6,000 per apprentice depending on eligibility.

“When will I get paid?”

- Within 30 days of the payment milestone for each incentive.

“Why doesn’t it come straight to me?”

- Most payments are routed through the training provider.

“What if the apprentice leaves early?”

- Payments are linked to time in learning – payments due after the apprentice withdraws won’t be made.

Important tip for employers

Because most payments come via your training provider, make sure you have a clear agreement with them on how and when funds will be transferred to you.